

House Bill 1160 (AS PASSED HOUSE AND SENATE)

By: Representatives Knight of the 126th, Tumlin of the 38th, Mosby of the 90th, and O'Neal of the 146th

A BILL TO BE ENTITLED
AN ACT

To amend Code Section 48-7-27 of the Official Code of Georgia Annotated, relating to computation of taxable net income, so as to provide for additional adjustments with respect to certain Subchapter "S" corporations, partnerships, or limited liability companies; to provide for procedures, conditions, and limitations; to provide for a definition; to provide an effective date; to provide for applicability; to repeal conflicting laws; and for other purposes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

SECTION 1.

Code Section 48-7-27 of the Official Code of Georgia Annotated, relating to computation of taxable net income, is amended by striking paragraph (1) of subsection (d) and inserting in its place a new paragraph (1) to read as follows:

"(d)(1)(A) As used in this paragraph, the term 'individual' shall mean the same as is defined in Code Section 48-1-2.

(B) Georgia resident shareholders of Subchapter 'S' corporations may make an adjustment to federal adjusted gross income for Subchapter 'S' corporation income where another state does not recognize a Subchapter 'S' corporation.

(C) A Georgia individual resident who is a partner in a partnership, who is a member of a limited liability company taxed as a partnership, or who is a single member of a limited liability company which is disregarded for federal income tax purposes may make an adjustment to federal adjusted gross income for the entity's income taxed in another state which imposes on the entity a tax on or measured by income.

(D) Adjustments pursuant to this paragraph shall only be allowed for the portion of the income on which such tax was actually paid by such Subchapter "S" corporation, partnership, or limited liability company. In multitiered situations, the adjustment for such individual shall be determined by allocating such income between the shareholders, partners, or members at each tier based upon their profit/loss percentage."

SECTION 2.

1

2 This Act shall become effective upon its approval by the Governor or upon its becoming law
3 without such approval and shall be applicable to all taxable years beginning on or after
4 January 1, 2006.

SECTION 3.

5

6 All laws and parts of laws in conflict with this Act are repealed.